



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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May 31, 2002

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 3793

Lee R. Brown, Vice President
Magnesium Corporation of America
238 North 2200 West
Salt Lake City, Utah 84116-2921

Re: Division Order, Magnesium Corporation of America, Rowley/Stansbury Basin Municipal Project, M/045/008, Tooele County, Utah

Dear Mr. Brown:

The Division has received your May 3, 2002, response to our April 10th meeting and our December 18, 2001 request for supplemental detailed information regarding the status of the oolitic sands mining operation and the Stansbury Basin solar ponding operations.

Considering the fact that this mining operation was originally permitted in September of 1979, some of the original surveys, maps and related information upon which the original permit was based have become outdated and are now found deficient.

Pursuant to R647-4-102, the Division has requested updated information from Magcorp to supplement the originally approved permit so that it is accurate and current. To date, Magcorp has failed to provide the sufficient information to satisfy our requests. Accordingly, the attached Division Order has been prepared to correct the deficiencies. Please note that you have 30 days to comply with the Order. Should you desire further discussion or clarification, please call Mary Ann Wright, Associate Director of Mining at (801) 538-5306, or Wayne Hedberg at (801) 538-5286.

Sincerely,

Lowell P. Braxton
Director

jb

Enclosure: Division Order & attachments

cc: Kurt Seel, AG
John Maycock, AG
Joseph Smolinsky, Chadbourne & Parke LLP
Tom Faddies, SITLA
Mary Ann Wright, OGM

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**STATE OF UTAH
DIVISION OF OIL, GAS AND MINING**

PERMITTEE

Magnesium Corporation of America

Lee R. Brown, Vice President
238 North 2200 West
Salt Lake City, Utah 84116-2921

PERMIT NUMBER M/045/008
DIVISION ORDER #2002A

**ORDER & FINDINGS
OF
PERMIT DEFICIENCY**

As authorized by US Bankruptcy Code, and Pursuant to Utah Code 40-8-7(2), and R647-4-102¹, the DIVISION ORDERS the PERMITTEE, Magnesium Corporation of America (Magcorp), to submit the updated information described in this Order, and any and all other new information that would have been required in the original Notice of Intention. If the updated information in Magcorp's response indicates Magcorp's original Notice of Intention is no longer accurate or complete, the Division orders Magcorp to also submit a Notice of Intention to Revise Large Mining Operations which will amend or revise its effective Notice of Intent, in order to bring it into compliance with Utah's Mined Land Reclamation Act.

FINDINGS OF PERMIT DEFICIENCY

A review of the current Mining and Reclamation Plan (MRP) and field investigations have revealed that certain mining operation activities and conditions associated with the approved Rowley Magnesium & Stansbury Basin Mining Permit are either not addressed or are inadequately addressed. The lands affected and conditions at the mine site may have varied or changed from when the original plans were approved in September of 1979. Consequently, the Division has requested updated surveys, maps of existing and proposed operations, information related to volumes of material moved or extracted, and related permitting information from Magcorp to correct these permitting deficiencies and

ensure that an accurate permit and adequate reclamation surety is on file for this mining project. See, April 26, 2001 letter from DOGM to Lee Brown of Magcorp; September 10, 2001 letter from DOGM to Tony Rudman of Magcorp; December 18, 2001 letter from DOGM to Tony Rudman of Magcorp; and the April 10, 2002 Division meeting memo (copies attached). Magcorp has not fully and adequately responded to these various information requests. In addition, Magcorp is referred to the attached Division assessment of the map information provided on May 3, 2002, in response to the April 10, 2002, Division meeting where the details of the Division's outstanding information requests were discussed. See also attached "Technical Assessment" of Magcorp's May 3, 2002, submittal.

ORDER

The Division ORDERS Magnesium Corporation of America to:

- 1) Submit any and all documents, information, data, maps, etc., which are responsive to the requests made in the above-described Division review documents dated: April 26, 2001, September 10, 2001, December 18, 2001, April 10, 2002, and the "Technical Assessment" of Magcorp's May 3, 2002, submittal, within **30** calendar days of the date of this Order;
- 2) Submit, in accordance with rule R647-4-102 and 103, and as directed on page one, paragraph one of this Division Order, a complete and adequate Notice of Intent to Revise Large Mining Operations to address the updated information and these findings of permit deficiency within 30 days of the date of this Order

Ordered this 31th day of May, 2002, by the Division of Oil, Gas and Mining.



Lowell P. Braxton, Director
Division of Oil, Gas and Mining